

# Doing business with India

## Overview

Here's an overview about the Indian market, its economy, business culture and potential trade opportunities:

India is one of the fastest growing economies in the world. It is a large and diverse nation with each of its constituent States and Territories having their own distinct economies, industry clusters, languages and cultures.

## Benefits

Some of the benefits of doing business in India are:

- English is widely spoken
- There is a common history and legal and administrative heritage
- A growing middle-class with rising personal incomes
- It has one of the world's largest youth populations
- There are more than 50 cities with a population of over a million people

## Challenges

Contrast this with some of the challenges which are:

- It is a price competitive market especially for consumer products so you will be expected to negotiate and discount.
- There are multiple religious, ethnic and annual holidays which vary across the different states so take care when planning a trip.
- Regulations, local sourcing requirements and import tariffs, which can be in excess of 35%, can be difficult barriers to overcome.
- Poor infrastructure especially for the distribution of

goods can be a challenge.

- India has extremely hot weather in the summer and a very wet monsoon season which can affect business.

## Positives about doing business India

Given the points above, what is the best way to get the most out of doing business in India?

- Make sure that you are aware of any regulatory barriers that impact on selling your product or service in India.
- Investigate your potential market, understanding who and where your customers are.
- Get to know your contacts and the business culture. See Business Culture below.
- Find the right partners to help you grow your Indian market. See Exporting to India below.

## So, what support is available to help you trade in India?

**Face-to-face support** is available from Jersey Business to help you get the right research and contacts to help you enter and exploit the Indian market.

**Access to India** is a scheme which is designed to provide support to small and medium sized UK enterprises wanting to enter and establish themselves in the Indian market. The programme will give mentoring support, networking opportunities, research and contacts in India as well as advice on operational, financial, legal and marketing practicalities. If you are interested in finding out more about the programme please [email us](#).

**Launchpad** is...

**Commonwealth First** is a programme that supports small and medium sized E-commerce businesses to trade and invest across the Commonwealth. It is a 3 year programme that includes tailored trade missions, high level networks and introductions, training & mentoring, overseas brand profiling opportunities and guidance on maximising web performance in Commonwealth markets. Application for the programme opens annually so please [email us](#) if you would like more information.

From time to time we run **events and meeting** that are specifically focused on the Indian market.

## Business culture

Doing business in India requires patience, research and a long term strategy. Indians want to do business with people they know and trust so be prepared to take the time to build relationships, respect the culture and beliefs and be flexible. Decision making can be slow and whilst you might get frustrated, being aggressive or impatient is a sign of disrespect. Do thorough due diligence on potential partners and suppliers.

Indian businesses are hierarchical and formal so always know who you are talking to, offer and accept business cards and use the person's full name not first name unless you invited to do so.

## Exporting to India

Here are some of the key steps you need to work through to export to India successfully:

1. **Are your products suitable for the Indian market?** India has its own standards and technical regulations for imported products which you must be aware of. Many products are regulated so make sure you understand these requirements and know that you can comply, before you start exporting.
2. **Do you have a market opportunity?** Before you start exporting to India make sure you know which state or region you would like to sell to and that there is a market for your product or service. Have a [look here](#) for how to do market research. You can also find for export sales leads and connect with overseas buyers who are searching for products like your by looking at the UK's [Export Opportunity Website](#) and signing up to receiving email alerts for opportunities that meet your criteria.
3. **Who is going to represent you?** If you are thinking of appointing an agent or distributor, you might find it best to appoint different representatives for different regions. Find out about their:
  - ■ Local reputation, contacts and business

associates

- Regional coverage
- Financial resources
- Marketing ability

4. **How will you move products to India?** This will depend on the size and type of products you are selling but consider:
  - - If you are moving goods, use an experienced freight forwarding company with the knowledge of the documentation requirements, customs and import regulations and transport options in India.
    - If you are posting goods to India consult with Jersey Post for the best options available.
    - Make sure you use appropriate packing material as goods can get heavy treatment in India.
5. **Visiting in person?** At some point you will need to visit the region so if you are travelling to India yourself you will need a visa which is issued by the [High Commission of India](#) in London.
6. **Selling online?** If you are selling through your website it is advisable to localise your site or use an Indian online marketplace. Use this [online tool](#) to help you find the most appropriate marketplace for your product.
7. **Establishing a franchise in India?** If you have a recognised service then setting up a franchise in India could be an option for you. The [British Franchise Association](#) has a lot of information about setting up and exporting your franchise.

Read more about the [route to market](#) that might be best for you to help decide on the best option.

## Getting paid

Of course, it is very important to make sure that you will get paid for the products or services that you sell in to the Indian market. Here are some practical tips to make sure you get your money:

1. Ideally you will want to get payment or partial

- payment in advance but if this is not possible use secure terms of payment through a letter of credit or documentary collection via your bank. Talk to your bank about how these mechanisms work, the fees for using them and the paperwork you need to provide.
2. Make sure your contract clearly states the terms for delivery and payment of goods and services. Indian law does not regulate late payments, and settlement action through the courts can be expensive and take a long time.
  3. See if you can agree terms in Sterling.
  4. If you are trading in Indian Rupees or another currency, get expert financial advice on managing exchange rates, hedging currency and running a foreign currency bank account.
  5. India has exchange controls that place restrictions on transferring money out of the country so try not to keep money in India.
  6. Remember, although the legal system is based on English Law and the judiciary is relatively independent, the Courts are slow and cases can take many years so litigation is very lengthy and expensive.
  7. Consider getting insurance to cover the risk of non-payment.

You can get more information on managing your money in India [here](#).

## **Potential Opportunities Digital Innovation:**

Although internet penetration in India is only 19%, in 2018 this represented over 500 million users who are driving the growth in the digital and retail sectors. The Indian government's [Digital India Initiative](#) has accelerated much of this growing demand for technology which is creating opportunities in finance, retail, healthcare and education.

As more Indian consumers are adopting digital technologies, opportunities are opening up in sectors such as finance and banking, retail, healthcare and education. In addition, expertise in disciplines such as building the broadband infrastructure, creating identity solutions,

payment systems, web or mobile based delivery solutions and IT for jobs is expected to increase.

## **Financial, Legal and Professional Services:**

The financial services sector is a significant part of India's economy. The sector, parts of which are being liberalised to allow for foreign investment, includes funds, insurance, audit and consulting and professional services and is growing at around 10% annually.

## **Retail, Food & Drink**

The traditional Indian retail sector is growing at a rate of 13% per annum to reach £624 billion by 2018. Online retail, although smaller in real terms, is growing even faster driven by increased internet availability and the proliferation of smart phones and credit cards. Perhaps most influential is the buying behaviour of consumer who are going online to such an extent that online is expected to equal bricks and mortar retailing by the mid 2020's.

## **Relevant Links**

> [UK Department for International Trade – Exporting Country Guides for India](#)

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> [UK Department for International Trade Offices in India](#)

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> [High Commission of India in London](#)

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> [Information on Visa Applications](#)

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> [UK India Business Council](#)

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> [Open to Export](#)

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> [Connect with export sales leads](#)

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> [Market Finder](#)

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> [Exporting From Jersey - Toolkit for Selling Outside Jersey](#)

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> [Export Readiness Checklist](#)

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> [Researching your export markets](#)

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> [Route to your export market](#)

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> [Delivering great customer service overseas](#)

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> [How to visit International Markets](#)

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